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Consumer markets abroad

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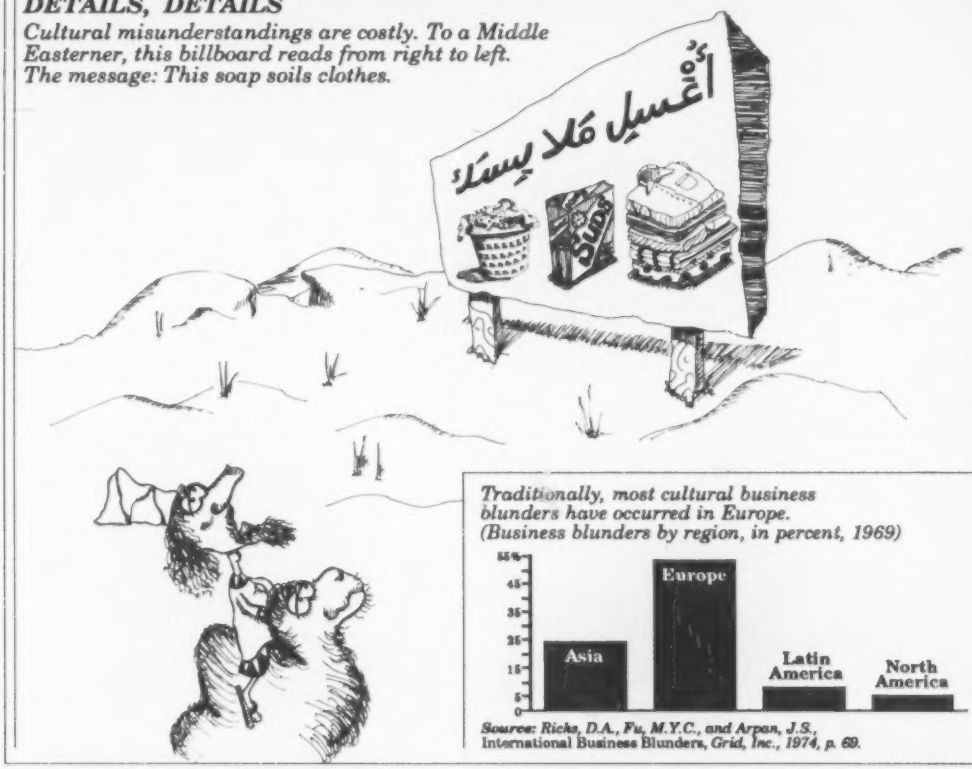
LEARNING CULTURE THE HARD WAY

International business blunders are costly ways to learn the importance of local culture.

DETAILS, DETAILS

Cultural misunderstandings are costly. To a Middle Easterner, this billboard reads from right to left. The message: This soap soils clothes.



Traditionally, most cultural business blunders have occurred in Europe.
(Business blunders by region, in percent, 1969)

Source: Ricks, D.A., Fu, M.Y.C., and Arpan, J.S., International Business Blunders, Grid, Inc., 1974, p. 69.

Reading from left to right or vice versa seems like a harmless cultural distinction between North American and Middle Eastern nations—at least until marketers get involved.

LIFESTYLES AROUND THE WORLD

For major U.S. exporters, this simple difference can cost money.

Take, for example, one exporter's detergent ad that featured dirty clothes piled on the left, detergent in the center, and clean clothes neatly stacked on the right. Reading right-to-left, the message to a Middle Easterner was clear: Soap soiled the clothes.

Language can play tricks on marketers who don't respond to cultural differences. As more business goes global, the chances for misunderstanding may increase. Business people must examine "not just the spoken or written word, but all the elements of a culture that form a barrier to mutual understanding," says Dr. Seamus Connolly in his 1987 study *Finding, Entering, and Succeeding in a Foreign Market.*

(continued on p. 15)

FORMERLY INTERNATIONAL DEMOGRAPHICS
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WALKING CHILE'S TIGHT-ROPE

As the world digs its way out of a minerals crisis, Chileans try to recoup their losses.

Consumer markets abroad

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Originally "Chile" meant "land where the earth ends." In Spanish it has come to mean "red pepper," a name that aptly describes the country's varied geography and now its dicey economy.

Wedged between the Pacific Ocean and the high peaks of the Andes Mountains, Chile occupies a narrow stretch of land that is 2,650 miles long, nowhere wider than 250 miles, and everywhere prone to earthquakes. Although the country is not much larger than Texas in surface area, it nearly spans the distance from Los Angeles to New York City from its northernmost tip to Cape Horn.

Despite the fact that three climatic zones divide the country, Chileans think their nation is small. With 12.6 million people, according to the most recent Census Bureau estimates, the country is less populated than Brazil, Argentina, Colombia, or Peru.

Politically, Chileans based their institutions on European models. Until the military takeover of 1973, the army rarely interfered in democratic civilian politics. Economically, Chile is as vulnerable as any Third World country. Its dependence on a narrow range of exports goes back to the 19th-century "nitrate war" with Bolivia and Peru, when nitrate mines in Iquique generated export income that Chileans used to buy imported consumer goods instead of investing in industrial development. Such trends continue today, as the country has become extremely reliant on copper exports.

Raw materials, primarily minerals, keep the Chilean economy alive. About 26 percent of the world's copper comes from northern Chile, location of the Chuquicamata mine, the largest copper mine in the world. With the Potrerillos and the El Teniente mines, Chile holds copper reserves estimated at 9.8 billion metric tons. The country's other important mineral resources include iron, molybdenum, silver, and iodine (of which Chile produces 50 percent of the world's output). Although mining activities employ only 2 percent of all working Chileans, the industry accounts for almost 10 percent of the GNP and two-thirds of all export revenue.

Since Salvador Allende's democratically elected government was overthrown in the military coup of 1973, Chile has pursued an "open door" policy toward foreign investment and imports. Law 1748 simplifies administrative procedures and provides tax breaks for foreign investors. Imports are subject to a 3 percent import registration tax and a 20 percent value-added tax. There are free ports in Iquique, Punta Arenas, and some areas of Santiago.

The "open door" policy, however, has not been overwhelmingly successful. Chile's traditional dependence on minerals made the economy extremely vulnerable to the world commodities crisis of the early 1980s. The Chilean recession was probably the deepest in all of Latin America. By 1982, the current account deficit had reached US$4.7 billion. The Chilean peso was devalued by 19 percent; foreign investments fell by 37 percent; about 60,000 firms went bankrupt, including several banks; the GNP actually fell 14 percent, until it ranked eighth in all of Latin America. Today Chile has the world's highest per capita foreign debt—about US$1,700 per person, or over US$20 billion.

Despite the lingering debt problem, the economy began to turn around at the end of 1984. Last year GNP grew by 5 percent. But the recovery may be no more than an official band-aid on deep-rooted problems: According to many observers, the boom is fed mostly by government incentives, at the cost of further indebtedness. That strategy creates a

CHILE'S ENDLESS COAST

Chile's 13 major regions are subdivided into 51 provinces and hundreds of local comunas. *Arica is about as far from Puntas Arenas as New York is from Los Angeles.*

Annual population growth 1970–82

<1.5%

1.5–2.5%

>2.5%

Chile has the world's highest per capita foreign debt—about US$1,700 per person, or over US$20 billion.

REGIONAL RANKINGS

Most Chileans live in the country's central regions, but the north and south are growing fast. (Population by region, 1982 and 1970, and annual percent change in intercensal period)

	Population 1982	Population 1970	Percent change 1970–82
Total	11,275,440	8,884,768	2.3%
1. Terapacá	273,427	175,209	4.7%
2. Antofagasta	341,203	252,119	3.0
3. Atacama	183,071	154,187	1.6
4. Coquimbo	419,178	338,203	2.0
5. Valparaíso	1,204,693	966,609	2.1
6. Metropolitana de Santiago	4,294,938	3,154,765	3.0
7. Libertador General Bernardo O'Higgins	584,989	485,987	1.7
8. Maule	723,224	617,543	1.4
9. Bío-Bío	1,516,552	1,255,393	1.7
10. La Araucanía	692,924	600,499	1.3
11. Los Lagos	843,430	744,610	1.1
12. Aysén del General Carlos Ibañez del Campo	65,478	50,201	2.5
13. Magallanes y de la Antártica Chilena	132,333	89,443	4.0

Source: "Viviendas y Población, Censos de 1970 y 1982 y Percentaje de Variacion, Segun Regiones y Provincias," XV Censo Nacional de Población y IV de Vivienda 1982, Total del Pais, Tomo I and II, Instituto Nacional de Estadística, Santiago, Chile.

Source: The New International Atlas, *Rand McNally, 1982, pp. 242, 244.*

favorable climate for the 1989 election, which is expected to extend the term of General Augusto Pinochet Ugarte, the current head of state.

REGIONS, PROVINCES, AND COMUNAS

With the exception of metropolitan Santiago, all of Chile's 13 major regional divisions stretch from the Pacific coast to the Andes Mountains. These regions are further divided into 51 provinces, which in turn are broken down into local *comunas*.

A *comuna* often corresponds to several towns and villages. In metropolitan Santiago, however, *comunas* define major districts of the city, such as downtown Santiago, Providencia, and Independencia. *Comunas* vary greatly in size: Concepción, the largest, with 273,000 Chileans in 1982, is located in Concepción Province, part of the larger Bío-Bío Region. The smallest *comuna*, Antártica, in the portion of the Antarctic continent claimed by Chile, has a population of only 59 Chileans.

There were 39 people for every square mile in Chile, according to the 1982 census. But the population is distributed unevenly. Most Chileans live in the central regions around metropolitan Santiago, Valparaíso, Libertador General Bernardo O'Higgins, Maule, and Bío-Bío. Greater Santiago alone accounts for 38 percent of the national population. The regions in the extreme north and the extreme south together account for only 9 percent.

As of June 1985, 17 cities in Chile each had more than 100,000 residents. Santiago, with more than 4 million people, is Chile's largest city. Concepción (278,000) and Valparaíso (273,000) are next in line. There are 11 cities with populations of 50,000 to 100,000, and 26 in the 20,000-to-50,000 range.

MOSTLY MESTIZOS

Chile is more racially homogeneous than some of its neighboring countries. Europeans have not migrated to Chile as they have to Argentina and Brazil. About one-quarter of the population are of European (mostly Spanish) descent. German Chileans, who number about 300,000, are a close-knit community. Many live

CITY SPRAWL

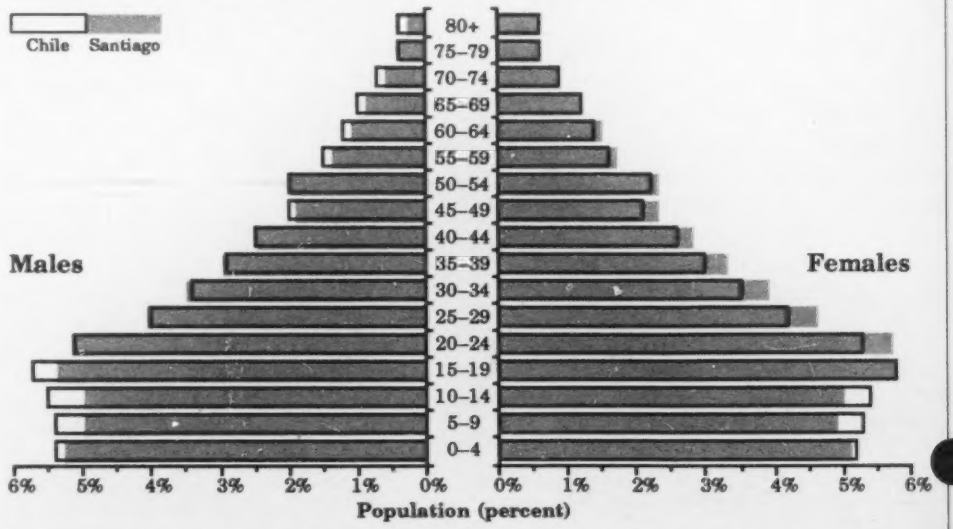
Seventeen cities had at least 100,000 people by 1984. (Total estimated population, in thousands, as of June 30, 1985 and 1984)

	Population	
City	*1985*	*1984*
Antofagasta	200.3	195.3
Arica	155.5	150.3
Chillán	125.4	123.8
Concepción	278.4	274.3
Iquique	125.1	120.4
Osorno	101.0	100.8
Puente Alto	124.6	118.6
Punta Arenas	105.3	101.2
Rancagua	155.2	150.5
San Bernardo	133.8	129.8
Santiago	4,067.0	3,964.0
Talca	136.2	134.8
Talcahuano	215.1	212.1
Temuco	166.2	163.7
Valdivia	104.5	103.9
Valparaíso	273.0	272.4
Viña del Mar	258.4	253.5

Source: Población Total Estimada al 30 De Junio, Segun Civdades de 20,000 Habitantes y Mas, 1984–85, Anuario Demográfico 1985, *table 1.21–05, Santiago, Chile, p. 5.*

LIKE CITY, LIKE COUNTRY

Both Santiago and Chile will age gradually as the century ends. (Population by age group for Chile and Santiago, in percent, 1982)



Source: XV Censo Nacional de Población y IV de Vivienda, 1982, Instituto Nacional de Estadística, Santiago, Chile.

around Valdivia and Puerto Montt. They continue to speak German, and some German words have even crept into the Spanish vocabulary.

But a majority of Chileans are *mestizos*, of mixed European and Indian ancestry. Overall, only 5 percent of the total population, mostly those living south of the Bío-Bío River, are of pure indigenous descent.

By Latin American standards, Chile's population has grown only moderately. Relatively low birth rates keep the population from growing as fast as that of Mexico, Venezuela, Colombia, or Peru. Population growth remains at about 2 percent a year, less than the 1950s high of 2.6 percent. According to United Nations projections, Chile will have more than 14 million people by 2000.

Chilean life expectancy increased from 66 years in 1975 to 68 years in 1984. The country has one of the highest life expectancies in Latin America.

Urban areas are growing faster than the country as a whole. By 1982, Chile's population was 82 percent urban, making it the third most urbanized country in Latin America, after Uruguay and Argentina. But urban growth has slowed from a peak of 4 percent a year between 1952 and 1960 to 2.8 percent a year during the most recent intercensal period, 1970 to 1982. Provincial growth rates between these two census years varied from 4.6 percent per year in Parinacota to -0.1 percent per year in Cardenal Caro. Predominantly rural provinces include Parinacota, Cardenal Caro, Linares, and Chiloé.

Most migrants go to Greater Santiago. Between 1977 and 1982, 278,000 immigrants entered the metropolitan area, and 122,000 left. Most came from neighboring regions, such as Bío-Bío, Valparaíso, and Maule, and 33,000 people came from abroad. Bío-Bío lost a net of 47,000 people during those years.

The metropolitan region of Santiago, which contains the city of Santiago, grew fastest in the 1950s, with an average growth rate of 3.9 percent per year. Between 1970 and 1982, Santiago grew 2.6 percent a year, making it one of the slowest-growing major cities of Latin America. By 2000, 89 percent of Chile's population will live in urban areas, 36 percent in Greater Santiago alone.

According to United Nations projections, Chile will have more than 14 million people by 2000.

GOING TO THE CHAPEL

Chilean households are not large compared to households in other

INCOME SEESAW

Santiago's wealthiest 10 percent make four times the average income, but the poorest 10 percent make less than one-fifth the average income. (Monthly average income by decile, in constant 1985 US dollars, 1982–84)*

Income decile	*1984*	*1983*	*1982*
One (highest)	$231.30	$159.90	$214.20
Two	89.80	67.50	93.10
Three	56.90	43.80	59.00
Four	42.50	30.80	43.30
Five	32.70	23.80	33.50
Six	27.50	20.10	29.10
Seven	21.00	16.00	22.70
Eight	16.10	12.30	17.20
Nine	13.60	11.10	15.00
Ten (lowest)	8.00	6.70	8.10
Average†	$53.90	$39.20	$53.50

** **Note:** Incomes converted to 1985 U.S. dollars using the 1985 exchange rate of 161.08 pesos per dollar.*
*† **Note:** Average calculated as the arithmetic mean of the income values of the ten deciles.*

***Source:** Riveros, L. and Labbe, F., "Per Capita Family Income: Greater Santiago," table 25.*

Housing is a problem in Chile, even though the country is adding 40,000 new units per year.

Latin American countries. Average household size dropped from 4.8 persons in 1970 to 4.5 persons in 1982. Households range in size from 2.8 people in Parinacota Province to 5.1 people in Arauco Province.

The country is young but growing older: The median age was 22.9 years in 1982. Since growth is relatively slow, the United Nations projects that the median age will rise to 29.1 years by 2000. While only 6 percent of the total population are aged 65 or over now, that share should rise to 7 percent by 2000.

Nearly 3 million Chileans aged 15 and older are single. About 4 million are married, and 423,000 are widowed. Common-law marriages are rarer in Chile than in some neighboring countries—only 262,000 people identified themselves as being in such a union in 1982. Separations and divorces are also relatively uncommon, though increasing: Nearly 210,000 people called themselves divorced or legally separated in the last census.

Divorce remains low in Chile because of Catholicism. While the country has no official religion, estimates of the Catholic population vary from 61 to 95 percent of all Chileans.

BREAKING OUT OF POBLACIONES CALLAMPAS

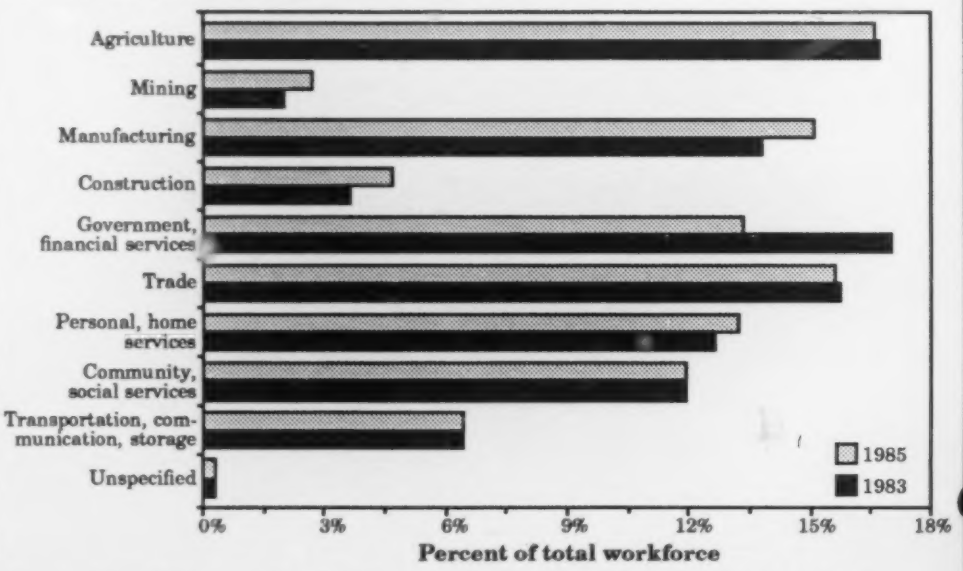
Housing is a problem in Chile, even though the country is adding 40,000 new units per year. As in most Latin American countries, many people are too poor to enter the formal housing market. They live in slums, called *poblaciones callampas.*

Sanitation in Chile is improving. In 1982, the percentage of families with access to piped water was 88 percent, up from an estimated 66 percent in 1977.

Strong regional differences in sanitation facilities still exist, especially in the rural areas. Urban access to piped water varied from 86 percent in Libertador General Bernardo O'Higgins to 97 percent in metropolitan Santiago, but rural access ranges from 12 percent in La Araucanía to 56 percent in Magallanes y de la Antártica Chilena. Among the poor-

WHERE THEY WORK

Manufacturing, mining, and construction gain workers as the economy rebounds from the 1983 economic crisis.
(Percent of workforce employed by sector, 1985 and 1983)



Source: Extebank, Banca Exterior de España, July 1986, Carrera de San Jerónimo, 36-Madrid-14, Spain, p. 3.

est 20 percent of the rural population, piped water reaches only 7 percent.

HOLDING ON TO LITERACY

Chile is considered one of the most literate nations in Latin America. Adult illiteracy has decreased from 9 percent in 1975 to just over 5 percent in 1984. There are, however, significant differences by age and region.

Overall, 8 percent of Chileans over age 10 were illiterate in 1982, but in urban areas less than 6 percent were illiterate, while in rural areas 20 percent were. Of the population over age 15, seven percent had no formal schooling. About one-quarter of Chilean adults (over age 15) had four to six years of formal schooling, and one-quarter had seven to ten years. As many as 25 percent had more than ten years of formal education.

School enrollments have declined slightly in the past several years. The number of students in elementary schools, for example, dropped from 2.4 million in 1979 to 2.1 million in 1984, and in secondary schools from 643,000 in 1982 to 637,000 in 1984. Some experts tie this trend to the economic crisis of the early 1980s, though government expenditures on education increased from US$445 million in 1979 to US$510 million in 1984 (in 1976 dollars).

The National University of Chile and the Catholic University of Chile are the country's principal institutions of higher education. Both are located in Santiago. Overall, there were 119,000 university students in 1982. Fully 72,000 were men, and 47,000 were women.

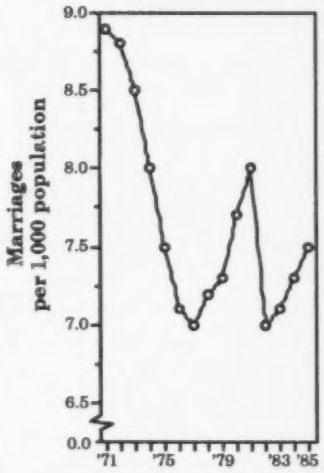
ALL THAT GLITTERS IS NOT COPPER

Although Chilean manufacturers do not bring in the export pesos that minerals do, those industries account for about 20 percent of GNP. The most promising industries include wood products, metals, textiles, and chemicals.

The industrial heartland, including the provinces of Santiago, Valparaíso, and Concepción, is home to over 70 percent of all industry. Santiago alone accounts for half of Chilean industry. Concepción, which has surpassed Valparaíso as Chile's second city, is important for its coal mines and steel factories. Punta Arenas, the southernmost city in the world, is historically known for its wool, but recently the city has be-

FICKLE FOR MARRIAGE

Marriage rates in Chile have fluctuated since 1971, but are generally falling. (Marriages per 1,000 population, 1971–85)



Source: "Tasas de Natalidad, Mortalidad, Nupcialidad, Mortalidad Infantil, Neo-Natal y Mortinatalidad, 1955 to 1985," table 1.2.2–02, Anuario Demográfico 1985, *Instituto Nacional de Estadística, Santiago, Chile, p. 7.*

CHILE AND SPAIN COMPARED

Although Chile's per capita GDP falls short of Spain's, literacy rates are nearly equal. (Development indicators for Spain and Chile, units in parentheses, 1980–85)

Indicator	*Spain*	*Chile*
Per capita gross domestic product, 1984 (dollars)	4,192	1,615
Per capita energy consumption, 1983 (kilo oil equivalent)	1,858	755
Per capita steel consumption, 1982 (kilogram/person)	226	47
Vehicles per 1,000 inhabitants, 1982	220	49
Television sets per 1,000 inhabitants, 1982	256	113
Newsprint consumption, 1982 (kilogram/person)	6	6
Adult literacy rate, 1985 (percent)	94	95*
Hospital beds per 1,000 inhabitants, 1980 (number)	5†	3
Protein consumption, 1980–82 (grams/day)	95	73
Daily per capita supply of calories, 1982 (percent of real needs)	136	109

** Note: 1984*
† Note: 1979

Source: World Bank, Report on World Development 1985, *Washington, 1985; U.N.,* Statistical Yearbook, 1982, *New York, 1985; UNESCO,* Statistical Yearbook, 1985, *Louvain, 1985; FAO,* Production Yearbook, 1984, *vol. 38, Rome, 1985; OECD,* Economic Studies of Spain, *Paris, April 1986; EIU,* International Economic Appraisal Service, *London, June 1986, all in Extebank, Banco Exterior de España, July 1986, Carrera de San Jerónimo, 36-Madrid-14, Spain, p. 2.*

come a center for oil exploration. Viña del Mar, the sister city of Valparaíso, is a major holiday resort.

Agriculture contributes only about 7 percent to the GNP, and it suffered large setbacks during the 1982–83 economic crisis. Only 12 percent of Chilean land is used for farming. Twenty-nine percent is poor quality, and 37 percent is natural meadow. Major crops include cereals, fruits, tobacco, onions, beans, and, increasingly, rice. Chilean wine is highly valued in and out of Latin America.

Work was hard to find during the recent economic crisis. Unemployment neared 30 percent in 1982. But the situation had improved by 1985, when unemployment fell to about 13 percent. Still, two governmental work programs employed nearly a half million workers in 1983. Female labor force participation is about average by Latin American standards—28 percent of adult women worked in 1982. That figure was 34 percent in metropolitan Santiago.

THE MONEY PYRAMID

As in most Latin American countries, Chilean incomes are unequal. In 1984, the richest 20 percent of metropolitan Santiago residents made about 15 times as much money as the poorest 20 percent.

Ownership of consumer durables grew fast during the 1970s. Car ownership increased from 25 cars per 1,000 people in 1975 to 49 per 1,000 by 1982. The estimated number of radios and TV sets in 1984 was 17 million and 2.6 million, respectively. There were 306 radio and 112 local television stations.

Infrastructure is improving slowly. In 1983 there were 620,000 passenger cars and 257,000 commercial vehicles in use. The 5,300-mile-long railway network, which extends from Arica to Puerto Montt, recorded 900 million passenger-miles in 1984, only slightly fewer than the one billion passenger-miles recorded by airlines. But only 6,000 of 50,000 miles of Chilean roads are paved.

SOURCES

The fifteenth Chilean census, taken in April 1982, took no less than five years to process and publish. It is

WHO BUYS FROM CHILE?

As a group, European countries buy the largest share of Chilean goods; but as a single-country purchaser, the U.S. buys more than anyone else. (Exports and imports by region, in percent, 1985)

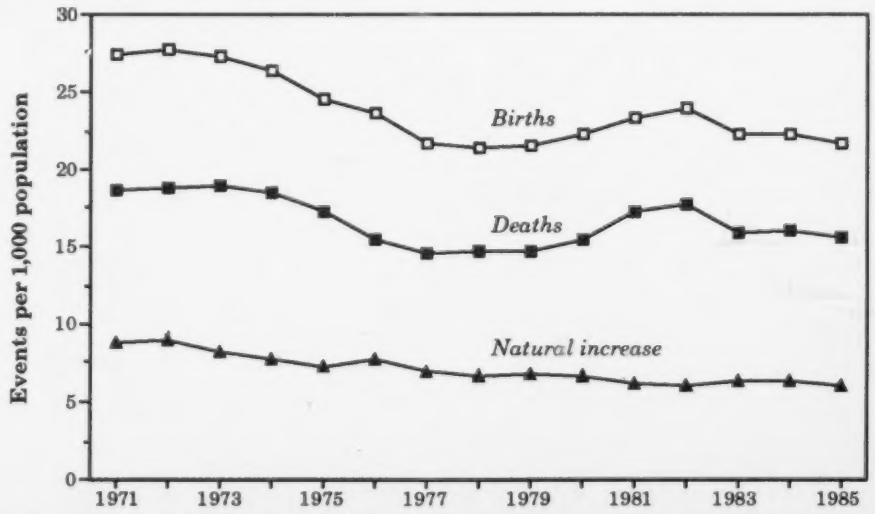
	Export	*Import*
Total	100.0%	100.0%
Europe	37.7%	24.1%
W. Germany	9.6	6.9
France	3.7	3.5
U.K.	6.4	2.8
North America	25.1	23.7
Canada	2.0	2.0
U.S.	23.1	21.8
Latin America	14.6	26.2
Argentina	2.2	3.5
Brazil	5.6	8.3
Asia	20.5	12.2
Japan	10.1	6.3
Middle East	2.0	2.7
Africa and others	0.1	11.1

Note: Total exports and imports for 1985 were $3,796 and $3,007 million, respectively.

Source: Central Bank of Chile, Annual Report, various issues, Santiago, in Extebank, Banco Exterior de España, July 1986, Carrera de San Jerónimo, 36-Madrid-14, Spain.

LIFE CYCLES

Chile's falling birth rate helps to bring down the natural rate of population increase. (Births, deaths, and natural rate of increase, 1971–1985)



Source: "Tasas de Natalidad, Mortalidad, Nupcialidad, Mortalidad Infantil, Neo-Natal y Mortinatalidad, 1955 to 1985," table 1.2.2–02, Anuario Demográfico 1985, *Instituto Nacional de Estadística, Santiago, Chile, p. 7.*

now available from the Instituto Nacional de Estadística (INE), Avenida General Bulnes 418, Santiago. The INE also issues several annual statistical publications, such as the *Anuario Estadístico,* the smaller *Compendio Estadístico,* and the *Anuario Demográfico.* Employment and income surveys are published regularly by both the INE and the Economics Department of the Universidad Nacional de Chile, Campus Andrés Bello, Rancagua 257, torre 26, Santiago.

The United Nations Demographic Center for Latin America (CELADE), Casilla 91, Santiago, has an extensive database on Chile, as well as other Latin American countries.

For business and current economic information, consult the monthly bulletin of the Banco Central de Chile, Augustinas 1180, Santiago, or the Chilean Embassy, 1732 Massachusetts Ave., N.W., Washington, DC 20036; telephone (202) 785-1746.

—Ralph Hakkert
Belo Horizonte, Brazil

PROVINCIAL POPULATIONS

Some provinces are still quite rural, such as Parinacota, Palena, and Cardenal Caro. (Percentage urban and mean household size of Chilean provinces, 1982)

Provinces	*Percentage urban*	*Mean household size*
Total	82.2%	4.49
Tarapacá		
Arica	94.7%	4.86
Parinacota	20.8	2.83
Iquique	95.1	4.27
Antofagasta		
Tocopilla	99.0%	3.89
El Loa	97.9	4.16
Antofagasta	98.9	4.34
Atacama		
Chañaral	97.4%	3.49
Copiapó	94.9	3.90
Huasco	82.1	3.84
Coquimbo		
Elqui	88.8%	4.54
Limarí	56.0	4.15
Choapa	56.9	4.15
Valparaíso		
Petorca	72.7%	3.70
Los Andes	74.2	4.37
San Felipe de Aconcagua	73.7	4.52
Quillota	79.7	4.17
Valparaíso	98.2	3.78
San Antonio	89.5	2.08
Isla de Pascua	100.0	3.49
Metropolitana de Santiago		
Santiago	99.5%	4.59
Chacabuco	68.3	4.49
Cordillera	89.5	4.93
Maipo	77.4	5.01
Melipilla	56.4	4.87
Talagante	79.8	4.42
Libertador General Bernardo O'Higgins		
Cachapoal	70.5%	4.89
Colchagua	54.8	4.99
Cardenal Caro	35.0	3.37
Maule		
Curicó	53.4%	4.87
Talca	65.4	5.04
Linares	46.6	4.99
Cauquenes	56.9	3.97
Bío-Bío		
Ñuble	56.4%	4.76
Bío-Bío	60.2	4.79
Concepción	94.3	4.78
Arauco	66.1	5.13
La Araucanía		
Malleco	59.4%	4.62
Cautín	55.9	4.58
Los Lagos		
Valdivia	60.7%	4.71
Osorno	64.7	4.70
Llanquihue	61.0	4.75
Chiloé	39.7	4.52
Palena	31.2	4.45
Aysén del General Carlos Ibañez del Campo		
Coyhaique	80.8%	4.39
Aysén	81.1	3.95
General Carrera	55.1	3.27
Capitán Prat	58.6	2.93
Magallanes y de la Antártica Chilena		
Última Esperanza	82.0%	3.49
Magallanes	92.7	4.02
Tierra del Fuego	80.9	3.85
Chilean Arctic	77.2	3.89

Sources: *XV Censo Nacional de Población y IV de Vivienda, 1982, Tomo I, Instituto Nacional de Estadística;* Anuario Demográfico 1985, *Instituto Nacional de Estadística, Santiago, Chile.*

Trends and Opportunities Abroad, 1988

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THE NEW MUNICH: SILICON, SAUER-KRAUT, AND BREWERIES

Bratwürste consumption at Munich's Oktoberfest was 11 percent higher in 1986 than in 1985. For the bustling capital of Bavaria, it's just another sign of the times.

The southern mecca of West German culture and education, Munich is reaping the benefits of a high-tech revolution "Silicon Valley" style. Some see the "chic city" as West Germany's answer to Boston with just a touch of "Dynasty" drama.

"Munich was untouched by the war," says Helenore Kohler of the German Information Center. "West Germany's jet set lives in Munich—it is considered a chic city."

What keeps this reputation alive for the metropolitan area's 1.3 million residents? Skilled work and good schools are two of the main reasons that Munich has more people coming than going. Since 1984, unemployment (which has hit West Germany hard throughout the decade) is consistently lower in Munich than in the rest of the country. While 9 percent of all West German workers could not find jobs in 1986, only 6 percent of Munich workers were unemployed.

Within Munich, 36 districts vary greatly in size, density, age, and household type. The densest districts, such as Maxvorstadt–Josephsplatz and Schwabing–West, have more than 250 people per hectare and are located in the heart of the metropolitan area. Districts such as Lochhausen–Langwied and Aubing have fewer than ten people per hectare. But the most populous districts are not necessarily the densest. Schwabing Nord–Millbertshofen–Am Hart and Ramersdorf–Perlach, for example, have more than 80,000 people each.

Central Munich is losing young families to the most spacious outlying

DISTRICT AGE RINGS

West-central and southern districts, such as Neuhausen-Moosach and Laim, are the oldest.
(Munich districts by total population and by share aged 65 and over, 1987)

District	*Total population*	*Share 65+*	*District*	*Total population*	*Share 65+*
1. Lochhausen–Langwied	5,194	13.7%	**21.** Lehel	13,606	16.8%
2. Allach–Untermenzing	24,400	14.4	**22.** Schwanthalerhöhe	26,997	12.4
3. Aubing	28,346	10.9	**23.** Ludwigsvorstadt	12,178	10.4
4. Obermenzing	20,354	15.0	**24.** Altstadt	10,962	14.4
5. Pasing	41,919	16.7	**25.** Isarvorstadt–Schlachthofviertel	15,319	10.4
6. Feldmoching–Hasenbergl	50,418	13.1	**26.** Isarvorstadt–Glockenbachviertel	19,351	14.8
7. Neuhausen–Moosach	67,320	16.1	**27.** Isarvorstadt–Deutsches Museum	8,475	12.1
8. Neuhausen–Nymphenburg	43,570	20.9	**28.** Au	22,255	17.2
9. Laim	51,145	19.9	**29.** Untergiesing–Harlaching	48,491	19.7
10. Hadern	42,960	13.5	**30.** Obergiesing	44,115	18.4
11. Waldfriedhofviertel	47,881	17.3	**31.** Schwabing–Freimann	58,950	15.9
12. Sendling	36,195	14.7	**32.** Bogenhausen	69,374	15.2
13. Thalkirchen–Obersendling–Forstenried–Fürstenried	56,751	15.3	**33.** Haidhausen	35,337	14.4
14. Solln	26,913	11.8	**34.** Berg am Laim	32,887	16.4
15. Schwabing Nord–Milbertshofen–Am Hart	98,157	13.0	**35.** Ramersdorf–Perlach	89,276	12.0
16. Neuhausen–Oberwiesenfeld	24,658	15.3	**36.** Trudering	35,305	13.3
17. Schwabing–West	32,234	13.1			
18. Maxvorstadt–Josephsplatz	19,439	15.0			
19. Maxvorstadt–Königsplatz–Marsfeld	19,036	11.4			
20. Maxvorstadt–Universität	11,628	11.9			

Source: "Die Altersgruppen de Bevölkerung nach Stadtbezirken," Statistisches Jahrbuch München 1987, 1987, Statistischen amt der Landeshauptstadt München, p. 28.

districts, and the age distribution of the metropolitan area reflects this shift. Eighteen percent of people in Ramersdorf–Perlach, Solln, and Aubing are under age 18. In contrast, one in five people in Neuhausen–Oberwiesenfeld is aged 65 or older. The largest families also live on the city's edge. More than 10 percent of households in Aubing and Lochhausen–Langwied have four members or more. Those districts also have the smallest share of people living alone—fewer than 55 percent.

Small electronics and computer firms have become the mainstay of the Munich economy. In 1986 there were 77 electronics firms in the metropolitan area employing a total of 54,000 workers, or one-third of all employees in manufacturing firms with 20 or more workers.

Of the total labor force, manufacturing enterprises employ one-third of all workers. One-quarter of Munich laborers work in nonprofit organizations, and 15 percent work in transportation and communication. The government, energy, and agricultural sectors each employ fewer than 3 percent of the workforce.

As in West Berlin, foreigners are a large part of Munich's working-age population. Thirteen percent of Munich's 854,000 workers were foreign in 1986. Most of these guest workers are Yugoslavs and Turks—35,000 and 24,000, respectively.

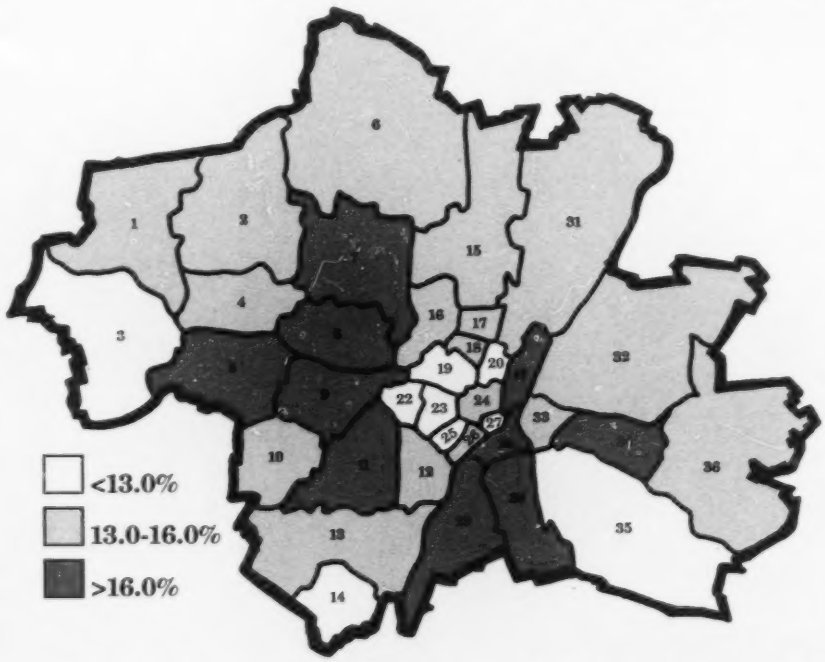
With renewed economic vibrancy, the city hosts numerous trade fairs for industries ranging from fashion to computers. In fact, more people visited Munich as trade-fair guests in 1986 than live in the metropolitan area.

But perhaps nothing overshadows Munich's prominence as the beer capital of Bavaria, and by logical extension, of West Germany. The metropolitan area is home to seven breweries.

—Blayne Cutler

URBAN GEOGRAPHY

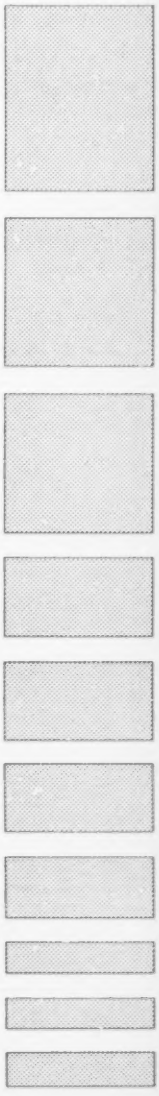
"Older" districts in Munich also have smaller households.
(Munich districts by share of population aged 65 and over, 1987)



Source: *"Die Altersgruppen de Bevölkerung nach Stadtbezirken,"* Statistsches Jahrbuch München 1987, *1987, Statistischen amt der Landeshauptstadt München, p. 28.*

BUYING IN BAVARIA

Nearly one-quarter of the Bavarian budget is spent on food.
(Monthly expenditure by category for average-income, urban four-person households, as percent of total budget, 1985)



Source: *"Bayerisches Landesamt für Statistik und Datenverarbeitung,"* Statistisches Jahrbuch München 1987, *1987, Statistschen amt der Landeshauptstadt München, p. 150.*

GLOBE TROTTERS

Canada, Japan, and the U.S. lead the world in tourist dollars spent, but more people are traveling to Asia than ever before.

In the world of travel, outer space is about the only place travel agents don't book. The most recent numbers show that travel is one of the fastest growing industries in the global service sector.

International travel grew an average of 2.7 percent a year from 1980 to 1985. Most travelers go to Europe, but growth in tourist travel to that region slowed considerably during the early 1980s. Travel to East Asia is growing rapidly, increasing by 7.2 percent a year during the first half of the decade. In contrast, travel to North America declined by 1.1 percent.

An estimated 28 million visitors came to the United States in 1987—43 percent came from Canada and 20 percent from Mexico. European travelers accounted for 16 percent of U.S. arrivals, and 11 percent came from the Pacific. Only 3 percent of the travelers were South American.

Americans' insatiable thirst to see the world costs more than what foreigners spend here. In 1986, the average foreign visitor to the United States spent a total of $627, while the average American spent $650 abroad. Last year the U.S. travel deficit totaled $10 billion, and it is projected to reach $12 billion by the end of this year.

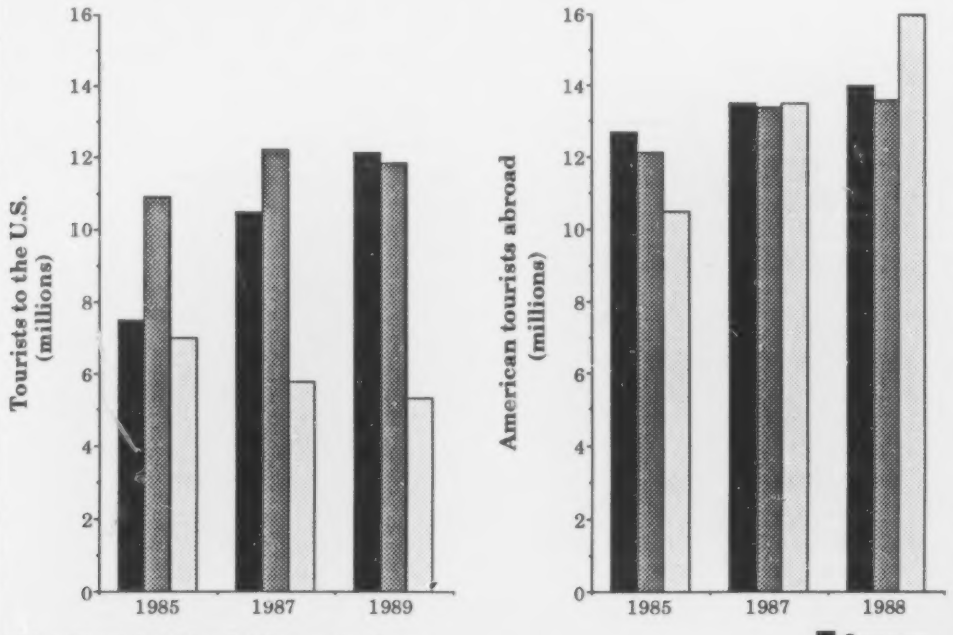
P R O D U C T C O M P A R I S O N

Japan is one of only two countries that spends more travel dollars here than Americans do there. Of all overseas tourists, more Japanese come to the U.S. than any other group. More than 2 million Japanese visited the U.S. last year, and as many as 2.6 million are projected to arrive this year.

During the first six months of 1987, about one million Japanese tourists spent US$1 billion in the U.S., 33 percent more than during

TOURIST DEFICIT

American travelers abroad will continue to outnumber foreign visitors to the U.S. (Foreign visitors to the U.S. by region of origin, in millions, 1984–89, and Americans abroad by region of destination, in millions, 1984–88*)*



** Note: Figures for 1988 and 1989 are projected.*

Source: 1988 Outlook for International Travel To and From the U.S., *1988, U.S. Travel and Tourism Administration, Department of Commerce.*

the same period in 1986. The Japanese tourist spends more per person than any other nationality when visiting the U.S. In 1986, the average Japanese visitor spent $92 a day; a typical ten-day tour costs $4,000, including travel costs.

But many Japanese restrict their U.S. visit to Guam or Hawaii. In fact, only half venture to the U.S. mainland, and only about one in five reaches the East Coast. What do the Japanese tourists who venture to New York City want to see? Not what you might think. While the Statue of Liberty and the Empire State Building remain popular attractions, *Oh! Calcutta!*, the bawdy play that is the longest-running show on Broadway, sells nearly 10 percent of its seats to Japanese banks.

Women are the fastest-growing group of Japanese travelers. Less bound to family and home than ever before, young professional women are touring the United States en masse. Women accounted for 44 percent of all Japanese tourists in 1986, up from 35 percent a year before.

To help offset Japan's trade surplus, the Japanese government has instituted the "Ten Million Program," which encourages people to travel abroad. The official goal is to expand international travel from 5.5 million departures in 1986 to 10 million by 1992. Such an increase would boost the share of internationally traveling Japanese to 8 percent, still below the British, West German, and American shares of 39 percent, 34 percent, and 12 percent, respectively.

Despite the growth in Japanese tourism, Canada still sends the largest number of visitors to the United States—12.2 million last year. But that number is expected to drop this year to 11.9 million.

Canadians stay longer and consequently spend more than do Americans who travel north. The average Canadian stays seven or eight nights in the States on each visit, a figure that has remained remarkably constant during the past decade.

An estimated 41 million Americans traveled to a foreign country last year despite the falling dollar. Roughly one-third traveled north to Canada, and one-third went south to Mexico. American travelers to Mexico are expected to outpace travelers to Canada for the first time this year. Of the projected 44 million Americans who will travel to a foreign country, about 16 million will visit Mexico.

While some observers point to the weak U.S. dollar as a boost to the travel industry, the effects of such a shift are really mixed. Cheaper dollars do bring more foreign visitors to the States, but they also make international travel for Americans a much costlier proposition.

—Linda Newcomb
Hampton University

TOURIST ATTRACTION

The United States will attract more overseas visitors next year. Canadian and Mexican tourism may decline. (Tourist arrivals to the U.S., 1987, 1988 (projected), and 1989 (projected), in millions, and percent change, 1988–89)

	Tourist arrivals (millions)			
		Projected		Percent change
Origin	*1987*	*1988*	*1989*	*1988–89*
Total	28.40	28.95	29.31	+1%
Canada	12.17	11.86	11.86	0%
Mexico	5.78	5.55	5.32	–4
Overseas	10.45	11.55	12.13	+5
Europe	4.63	5.14	5.40	+5
U.K.	1.36	1.56	1.69	+8
Germany	.94	1.07	1.13	+6
France	.55	.58	.59	+2
Italy	.33	.35	.35	+2
Netherlands	.20	.21	.21	+4
S. America	.99	1.00	1.02	+2
Asia/Mideast	3.05	3.56	3.73	+5
Japan	2.14	2.62	2.78	+6
Oceania	.39	.41	.41	+1
Australia	.25	.27	.28	+4
Other overseas	1.40	1.45	1.52	+5

Source: 1988 Outlook for International Travel To and From the U.S., *1988, U.S. Travel and Tourism Administration, Department of Commerce.*

ASIAN HOTSPOTS

Hong Kong and Singapore are the most popular Asian destinations for tourists. (Arrivals in 1985 to the ten most visited Asian countries)

Source: Pacific Asia Travel Association, in "Pacific Asia: The Mass Market in Travel," February 1988, The Cornell Hotel and Restaurant Administration Quarterly, *vol. 28, no. 4, p. 85.*

REGIONS: CONSUMER TRENDS AROUND THE WORLD

If you get sick in Poland, plan on a long hospital stay. The Department of Health and Human Services reports that Polish people of all ages spend twice as much time in hospitals as Americans do.

According to the H.H.S. report *Hospital Use in Poland and the United States*, Polish people aged 65 to 84 can expect to remain bedridden

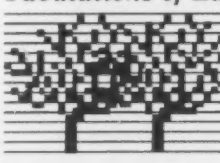
EUROPE

for an average of 12 more days than Americans of the same age. Polish men of all ages stay in hospitals longer than Polish women, averaging 18 days compared to 15 days for women, and Polish men are cooped up 10 days longer than American men. Polish women only stay 8 days longer than American women.

For more information on patient care in Poland, contact the U.S. Department of Health and Human Services, Public Health Service, Centers for Disease Control, National Center for Health Statistics, Hyattsville, MD 20857.

When Canadian women want the day off, they ask themselves.

Statistics Canada's *Summary Tabulations of Labour Force, Mobil-*



NORTH AMERICA

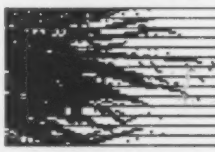
ity and Schooling reveals that the number of self-employed women grew by 30 percent from 1981 to 1986.

While 27 percent more women took their own advice on the job, only 7 percent more men became self-employed in the same period. The share of women bosses also grew fast. In 1986 there were 30 percent more female employers than in 1981, while there were only 11 percent more men giving the orders during that period.

Even with these changes, men were three times more likely to work for themselves than women in 1986.

To learn more about who's the boss in Canada, contact Statistics Canada, Advisory Services, 10th Floor, Arthur Meighen Building, 25 St. Clair Avenue East, Toronto, Ontario, M4T 1M4.

***If* you think a home in suburbia with a white picket fence and a**



ASIA/ PACIFIC

well-tended garden is only the American Dream, ask the Japanese.

Last year more than two-thirds of all urban Japanese wanted to "live in a single-family home with a garden in the suburbs even if it results in certain inconveniences," according to the *Public Opinion Poll on Housing and Housing Land in Large Urban Areas*, a study from the Prime Minister's Office. The share of Japanese who felt this way grew from 63 percent in 1978 to 69 percent in 1987.

For more information, contact JETRO, New York, 1221 Avenue of the Americas, New York, NY 10020.

INTERNATIONAL DEMO MEMO

Price per gallon of full-service, super gasoline a driver pays in:

Prague, Czechoslovakia	**$6.19**
Caracas, Venezuela	**$0.18**

Note: Prices in 1987 US$ as of September 1987.
Source: Runzheimer International, Runzheimer Park, Rochester, WI, 53167; (414) 534-3121.

*(**Learning culture,** continued from p. 1)*

More than three-quarters of the world's population live outside the "Western" world. International trade to countries with Buddhist, Muslim, and Hindu traditions is on the rise. Although more than 3,500 U.S. multinational corporations, 30,000 export manufacturers, 25,000 companies with overseas affiliates, and 40,000 stand-alone firms operate abroad, only culturally sensitive operations stand a good chance for success.

The most frequent business blunders fall into six categories, according to David Ricks' study *Mistakes in Multinational Marketing*. "Adaptation" mistakes involve products and packaging; "name" mistakes involve unintended hidden meanings; "promotion" mistakes involve timing, strategy, and personnel choices. In addition, "translation" mistakes involve the unintended meaning of idioms; "strategy" mistakes involve supply decisions, pricing, or partner choices; and "market research" mistakes involve poor feasibility studies.

Marketing blunders account for 41 percent of all international business errors, according to *International Business Blunders*, a study by Ricks, Marilyn Fu, and Jeffrey Arpan. One in four mistakes is management-related, and about one in five has to do with personnel. Production, finance, and legal errors are all minimal.

Consumer-product industries show the highest rate of cultural misunderstanding. One out of every five business blunders occurs in the food, beverage, and tobacco industries. Thirty-seven percent of all mistakes take place in other manufacturing enterprises. In contrast, only 5 percent of all errors take place in the chemicals industry. "Consumer-oriented products run a higher exposure to more subtle cultural differences than do raw materials and other more standardized products.... Thus if the product marketed is consumer-oriented, sold in a quite different cultural area, and insufficient marketing research is conducted, a high risk of blundering could be expected," say Ricks, Fu, and Arpan.

Geographically, half of all blunders occur in Europe, and one-quarter occur in Asia. Only one in ten misunderstandings arises in Latin America, and, surprisingly, only one percent of all mistakes are in Africa. In general, marketing and management blunders occur in Asia and Europe, and personnel errors occur in Europe.

The clearest examples of cultural misunderstanding involve poor word choices. The following catastrophic selections show how costly simple business blunders can become:

- **Brazil:** A U.S. airline advertised its Boeing 747 "rendezvous lounges" without realizing that "rendezvous" in Portuguese implies prostitution.
- **China:** Kentucky Fried Chicken's slogan "Finger lickin' good" does not have a poetic Chinese translation; literally, it means "So good you suck your fingers."
- **Puerto Rico:** General Motors had difficulties advertising the Chevrolet Nova because the name sounds like the Spanish phrase "no va," meaning "it doesn't go."
- **Thailand:** "Come Alive with Pepsi" in Thai became "Bring your ancestors back from the dead with Pepsi."

Research and training can minimize the international foot-in-mouth syndrome. Language study, listening skills, market research, and a long-term strategy can go far toward minimizing cross-cultural difficulties. The potential rewards for more cross-cultural sensitivity in international business are great. Success in the new global marketplace will hinge on it.

—Stephen Karel
Health Officer
East-West Center
Honolulu, HI

CITY STATS

HOUSE-HUNTING DOWN UNDER

Compared to the median price of an American home ($87,000), an Australian home is a good buy. (Median price of Australian homes, by region, in thousands of U.S. dollars, 1987)

Region	*Median price of home*
Sydney, New South Wales	$70,000
Canberra, The Australian Capital Territory	65,800
Melbourne, Victoria	58,500
Adelaide, Southern Australia	53,200
Hobart, Tasmania	43,000
Brisbane, Queensland	42,000
Perth, Western Australia	38,200

Source: International Living, *vol. 7, no. 3, July 1987, p. 17.*

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The State of the World's Children 1988: United Nations Children's Fund, Oxford University Press, Walton Street, Oxford, England OX2 6DP, US$6.25.

When as many children die as there are people living in West Germany, it is cause for outrage and global alliance. That is the key element in the United Nations' campaign to save young children and thus ensure the future productivity of less industrialized nations. **The State of the World's Children** explains how far infant health care has come and how media, businesses, governments, and local communities can help to move even further ahead.

Because the cost of basic treatment has become affordable even for low-income families, the number of children under age five who die each year has fallen from 25 million in 1950 to about 14 million today. Nevertheless, the U.N. estimates that additional low-cost treatments, expanded media coverage, and private-sector investment could save 40,000 young lives a week.

Creative solutions from the public and private sector are working. In Mexico, soap operas such as the nightly *Acompañame* series openly discuss family planning and child health care. Brazilian and Colombian companies print vaccine information on bank statements, electricity bills, lottery tickets, carrier bags, and commercial calendars. And Rotary International plans to raise nearly $120 million for polio vaccination programs worldwide.

The United Nations has set 1990 as the target date for achieving complete immunization worldwide against six major diseases. It emphasizes that the advantages of fighting the war on infant death are mutually reinforcing: "Any improvement in the mental and physical development of children contributes fundamentally to the social and economic development of nations."

—Blayne Cutler

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